



February 9, 2005

BUDGET COMMITTEE HEARS TESTIMONY FROM OMB DIRECTOR JOSH BOLTEN

WASHINGTON—Economic growth and rising revenues support the case for tax relief, Josh Bolten, Director of the Office of Management and Budget, told the Senate Budget Committee today, adding that sustained economic expansion requires spending restraint moving forward.

“Since the recession year of 2001, economic growth has increased in each of the following three years,” Bolten said. “A primary goal of this budget is to assure that our economic growth continues. A strengthening economy produces rising tax revenues. Last year, after declining three years in a row, federal revenue grew by nearly \$100 billion.”

Bolten said the President, in order to sustain economic expansion, has proposed spending restraint in both discretionary and mandatory programs.

“When the Federal government focuses on its priorities, and limits the resources it takes from the private sector, the result is a stronger, more productive economy,” Bolten said. “The President’s budget proposes that enhanced restraint.”

Bolten appeared before the Committee in the first of two hearings regarding the overall budget proposal. Treasury Secretary John Snow will testify Thursday.

Budget Committee Chairman Judd Gregg said, “We know the deficit is too high. This problem divides into two issues – the short term deficit and the long-term structural problems of our government. Everybody takes a hit in this budget, which hasn’t made everybody happy and probably is a sign this is a good budget.

“This is a document the Congress will work over, because that’s why we’re here. But in the end I hope we will agree to the basic goals here – control discretionary spending, pay for the war - but also make sure we do it in a responsible way that doesn’t build those costs into the defense spending budget base - and look at the entitlement accounts. All of which will lead us to reduce this deficit in four years and begin to address long-term entitlement accounts,” Gregg said.

